

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE)	
FUEL ADJUSTMENT CLAUSE OF KENTUCKY)	CASE NO.
POWER COMPANY FROM MAY 1, 2013)	2013-00444
THROUGH OCTOBER 31, 2013)	

ORDER

Pursuant to 807 KAR 5:056, the Commission established this case on February 7, 2014, to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Kentucky Power Company ("Kentucky Power") for the six-month period that ended on October 31, 2013. As part of this review, Kentucky Power submitted certain information, pursuant to Commission Order, concerning its compliance with 807 KAR 5:056. The Commission held a public hearing on this matter on April 10, 2014. On April 23, 2014, Kentucky Power filed its response to a request made at the hearing.

Misallocation of PJM Interconnection Charges and Credits

In the Commission's November 22, 2013 Order in Kentucky Power's last FAC review proceeding, Case No. 2013-00261,¹ the Commission ordered Kentucky Power to make a request in this proceeding to refund \$40,931.37 to its customers through its FAC. The refund amount relates to misallocations of PJM Interconnection, LLC² charges and credits that occurred during May and June 2013 which fell outside

¹ Case No. 2013-00261, An Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2012 through April 30, 2013 (Ky. PSC Nov. 22, 2013.)

² PJM Interconnection, LLC is the regional transmission organization of which Kentucky Power is a member.

the review period in Case No. 2013-00261. In response to an information request, Kentucky Power made a request for the Commission to approve a one-time credit of \$40,931.37 to be included in Kentucky Power's first FAC filing made subsequent to the date of a final order in this proceeding. The Commission finds that the \$40,931.37 relates to misallocations of PJM Interconnection, LLC charges and credits that occurred during May and June 2013 and Kentucky Power's request should be granted.

Six-Month FAC Summary

The Commission has previously established Kentucky Power's base fuel cost as 28.40 mills per kWh.³ A review of Kentucky Power's monthly FAC filings shows that the fuel cost billed for the six-month period under review ranged from a low of 25.54 mills in September 2013 to a high of 35.48 mills in May 2013, with a six-month average of 29.39 mills. Outside of the misallocation of certain PJM charges and credits discussed herein, the Commission finds that there is no evidence of improper calculation or application of Kentucky Power's FAC charges or improper fuel procurement practices.

IT IS THEREFORE ORDERED that:

1. In its first FAC filing made subsequent to the date of this Order, or as amended if filed prior to the date of this Order, Kentucky Power shall include a one-time credit of \$40,931.37 to refund to customers for misallocated PJM charges and credits as discussed herein.
2. Outside of the misallocation of certain PJM charges and credits discussed in this Order, the charges and credits billed by Kentucky Power through its FAC for the period May 1, 2013, through October 31, 2013, are approved.

³ Case No. 2008-00518, An Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2006 Through October 31, 2008 (Ky. PSC May 27, 2009).

By the Commission

ENTERED
JUN 02 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Amy J Elliot
Kentucky Power Company
101 A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602

Honorable Mark R Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

Judy K Rosquist
Kentucky Power Company
101 A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602